PHILIP MORRIS USA INTER-OFFICE CORRESPONDENCE

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TO: Rodney Robinson **DATE:** August 18, 1993

FROM: Marketing Information & Analysis/Roy Whalen

SUBJECT: MERIT "GETTING AWAY" ESTIMATED RESPONSE

The Merit "Getting Away" direct mail program offers five out of ten groups (accounting for 480,000 ~~600,000~~ circulation) the opportunity to fulfill on three premium items with varying pack UPC requirements: Jacket (75 UPCs), Bag (60 UPCs) and Atlas (20 UPCs).

Historically, the average response rate for Premium brand direct mail programs with pack requirements has been 14%. At the premium level, the response rate has been 5% with an average requirement of 40 UPCs. When comparing previous programs with similar premium offers and UPC requirements as the Merit program, the results were as follows:

Item	UPC Requirement	Response Rate (%)
Clothing	80	0.6-2.6
Bags	40-80	1.7-6.0
Watch, Book of Days, T-shirt, Cigarette case	20-25	1.9-5.7

10/15/93

Based on the available information on how comparable programs and premiums have performed in the past, the estimated average response rates for the Merit "Getting Away" program are:

Expire 1131194

				1/20/94	7/6/94
75	Jacket	2-3%	9600 – 14,400	12,769	26,210
60	Bag	3-4%	14,400 – 19,200	3,736	9035
20	Atlas	4-5%	19,200 – 24,000	5781	12,083
	The estimate for the total program is 9-12%.			22,286	47,328

To estimate the response for each of the five groups, the assumption made is that the more loyal the group is to Merit, the higher the response rate: Ultra Loyals (50%), Loyals (40%) and Vulnerables (10%). The estimated response by group is:

Group 1(Ultra-Loyal)	2.25-3.0%
Group 2 (Ultra Loyal-Test)	2.25-3.0%
Group 3 (Loyal)	1.8-2.4%
Group 4 (Loyal-Test)	1.8-2.4%
Group 5 (Vulnerable)	0.9-1.2%

Please call me or Trish Alleyne-Chin (X3404) if you have any questions.

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